FHA Mortgage Insurance Programs
Section LEAN 223(a)(7)
Refinancing of Existing LEAN FHA Insured Loan

Program Overview:	The LEAN 223(a)(7) program is a financing program designed for the refinancing of existing healthcare facilities that are already in the FHA Insured Loan Program. The program is used to lower debt service as well as finance repairs.
Borrowers:	Single purpose entities that can either be profit or non-profit motivated.
Personal Liability:	None. Loans are non-recourse.
Loan Amount:	Loan amount cannot exceed original HUD loan amount.
Term:	Up to a 35 or 40 year term based on the original loan program.
Loan-to-Value:	80% of the project's value for market rate for skilled nursing facilities and assisted living facilities and 85% of the projects value for non-profit skilled nursing and assisted living facilities.
Term Extension Feature:	Loans can be extended up to 12 years from their original maturity as long as they do not exceed a 35 or 40 year term, based on the original program requirements.
Interest Rates:	Interest rates are fixed at closing. Rates are typically set lower than conventional financing due to the credit enhancement provided by FHA at closing.
Assumability:	Loans are fully assumable.
Prepayment:	Terms are negotiable with no yield maintenance or achievement clauses. Standard provisions include a short lockout period followed by a declining prepayment penalty computed as a percentage of the loan until reaching 0% after ten years.
Mortgage Insurance Premium:	A mortgage insurance premium is paid annually based on the outstanding principal. Premiums range between .45% and .50% depending on the project.

For any questions pertaining to FHA Mortgage Insurance Loan Programs please contact Gershman Mortgage. Gershman Mortgage will assist borrower in conducting loan analysis on potential or existing projects. For any questions please visit www.gershman.com or contact Gershman Mortgage directly at (314)-889-0600.